

Office of the State Controller

Alert # 184



TO: Controllers and Chief Fiscal Officers of State Departments
And Higher Education Institutions and Boards

FROM: David J. McDermott, State Controller *David J. McDermott*

DATE: May 13, 2009

SUBJECT: Coding Requirements Established for American Reinvestment and Recovery Act
of 2009 (ARRA) Monies
Compensated Absences Liability – Percentage of Employees Expected to Retire
Under PERA
Electronic Funds Transfers (EFT) for Employee Reimbursements

Coding Requirements Established for the American Reinvestment and Recovery Act of 2009 (ARRA) Monies

The final data elements from OMB for ARRA reporting have not been provided at this time. However, because agencies are receiving and spending ARRA funds, it is necessary to put the following coding structure in place without delay. The following requirements are based on the best information available at this time; if additional information from OMB mandates a change in these requirements, we will notify you in subsequent alerts.

Two new funds have been established for ARRA reporting purposes. Fund ARG – ARRA Primary Fund and Fund ARP – ARRA Secondary Fund have been created on COFRS. Multiple funds are necessary to segregate ARRA grant activity within a single agency code by fund category (FCAT) for normal financial reporting purposes. In order to establish which ARRA fund to use, agencies must determine whether the grant is part of a governmental or propriety fund activity. Grants accounted for as governmental activities (i.e., General Fund, special revenue funds, etc.) should default to fund ARG – ARRA Primary Fund. If your agency has ARRA grant activity in multiple governmental funds that fall under a single agency code, all General Fund activity would be recorded in ARG. The additional non-General Fund ARRA activity would be recorded in ARP if it is contained within one FCAT. Please use ARP – ARRA Secondary Fund as the default fund for all proprietary activity. For example:

- Agency YAA receives ARRA grants related to Fund 100 (governmental, FCAT G1) and Fund 526 (proprietary, FCAT E6). The Fund 100 activity would use ARG and the Fund 526 activity would use ARP.
- Agency YAA receives ARRA grants related to Fund 116 (governmental, FCAT RA) and Fund 282 (governmental, RZ). Since neither of these are General Fund, you may put activity for either fund in ARG and record the other fund's activity in ARP.

This treatment would also apply if your agency had two proprietary funds receiving ARRA monies.

- ♦ Agency YAA receives ARRA grants related to Fund 254 (governmental, FCAT RZ) and Agency YBA receives ARRA grants related to Fund 441 (governmental, FCAT RZ). Because the activity exists under two unique agency codes, each agency may use ARG.
- ♦ Agency YAA receives ARRA grants related to Fund 100 (governmental, FCAT G1), Fund 116 (governmental, FCAT RA) and Fund 282 (governmental, RZ). Similarly, if multiple FCATs occur in proprietary funds call your FAST Specialist.

Fund classifications by FCAT are located in the Fiscal Procedures Manual beginning on page 95.

If an agency does not directly operate in an ARRA fund, all ARRA activity must be moved into the ARRA fund at least monthly. Since federal reporting is required within ten (10) days after each calendar quarter close, all quarterly activity must be recorded in these funds within six (6) calendar days after the end of a calendar quarter.

In addition to the funds, multiple series of long bill line items have been developed to track appropriated versus non-appropriated activity by direct ARRA grants as well as subrecipient ARRA grants. The subrecipient activity is further separately designated as coming from either another Colorado state agency (Subrecipient Internal) or as a pass-thru from an entity that is not part of the primary government of the state (Subrecipient External). The primary government of the state does not include component units of the state. The following table outlines the long bill line item coding structure that has been developed.

Long Bill Line Item	Legislative Action	Type of Activity
SNxxx	Non-Appropriated	Direct Federal ARRA Grant
SBxxx	Non-Appropriated	Received as Subrecipient from Another Colorado State Agency (Internal)
SAxxx	Non-Appropriated	Received as a Subrecipient from an Entity that is not a Colorado State Agency (External)
44xxx – 44999	Non-Appropriated	Reserved for Specific Purposes, including but not limited to FMAP monies at DHCPF
48xxx – 49899	Appropriated	Direct Federal ARRA Grant
45xxx – 46999	Appropriated	Received as Subrecipient from Another Colorado State Agency (Internal)
47xxx – 47999	Appropriated	Received as a Subrecipient from an Entity that is not a Colorado State Agency (External)

For transfer activity, agencies should determine intra- versus interfund attributes based on the fund category (FCAT) of the fund that would have been used to record the activity had a specific ARRA fund not been created. For example, if the activity would have normally been recorded in fund 100, treat the transfers as if the ARRA fund is part of the fund 100 fund category, G1. In this instance a transfer of ARRA monies to

another program operating in fund 100, the general fund, would be treated as an intrafund transfer. The OSC will split and classify the ARG and ARP funds back into the appropriate fund category based on the activity for financial reporting purposes.

It has been determined that in reporting on ARRA monies, the state needs to report expenditure and balance sheet information at the level of Catalog of Federal Domestic Awards (CFDA) number and Federal grant identification number. Discussions with the Controller's Forum indicate that such information may be available in the COFRS Grants Module. However, the availability and reliability of that information is dependent on certain setup and coding processes being followed.

After discussions with the Controller's Forum, we have established the following coding policies that apply to the tracking of ARRA monies through the Grants Module. Using a GM transaction, please create a unique agency-defined grant number for grants related to ARRA monies. This unique grant number will allow us to tie the activity on the general ledger to the Grants Module tables. Please be sure that the GM transactions contain a CFDA number and the Federal grant identification number from the award document. The Federal grant identification number should be entered in the Major Grant Number field for the first 12 characters, and then in the Federal ID Number field for the remaining characters, if needed. Please do not include any spaces in these fields. The GM transaction may be used to modify grant information on existing AGNT and AGN2 tables. In the near future, the OSC will provide a general Grants Module training session for those agencies that use COFRS but do not currently use the Grants Module to track their grants.

Separate arrangements and requirements will be developed for agencies and institutions that feed aggregated information to COFRS and cannot access the Grants Module, such as Higher Education and the Department of Transportation. The OSC will continue to work directly with the agencies/institutions on reporting requirements.

Please contact Brenda Shelinbarger for assistance in setting up long bill line item coding at brenda.shelinbarger@state.co.us or 303-866-4165. For any other questions please contact your FAST Specialist.

Compensated Absences Liability – Percentage of Employees Expected to Retire Under PERA

In conjunction with PERA's latest actuarial valuation, PERA's actuary, Cavanaugh Macdonald Consulting LLC, has provided the Office of the State Controller with the percentage of state employees expected to retire with PERA benefits. Eighty-three and three tenths percent (83.3%) of State Troopers and fifty-six percent (56.0%) of other State Division members are expected to retire with PERA benefits. Please note that these percentages are slightly different than those used in the prior year (Fiscal Year 2007-08), and they must be used in computing the sick leave related portion of your Fiscal Year 2008-09 compensated absences liability. You may refer to Chapter 3, Section 3.13 of the April 2009 Fiscal Procedures Manual for more information on computing the compensated absences liability accrual. Please contact your FAST Specialist if you have any questions.

Electronic Funds Transfers (EFT) for Employee Reimbursements

The following requirements do not apply to Higher Education Institutions that do not pay employees using CPPS. After June 30, 2009, and after the effective date of the revised Travel Fiscal Rule 5-1, all employee reimbursements are required to be processed via EFT. You will receive an email and ALERT notification of the effective date of Fiscal Rule 5-1. The banking information for processing reimbursement EFTs after June 30, 2009, will be based on the employee's primary banking information as identified in CPPS. For employees currently reimbursed via EFT (based on COFRS vendor file banking information) this could mean that the reimbursement after June 30 will go to a different bank account than the current reimbursements that are based on COFRS banking information. For agencies that currently reimburse employees with miscellaneous vendor codes, vendor records will need to be established under the employees' ID numbers by June 30, 2009, in order to process the reimbursement as an EFT. **GIVEN THE IMPORTANCE THAT EMPLOYEES PLACE ON PROMPT RECEIPT OF REIMBURSEMENTS, IT IS ESSENTIAL THAT ALL DEPARTMENTS IMMEDIATELY BEGIN INFORMING THEIR EMPLOYEES OF THIS CHANGE.** This will be of particular importance to frequent travelers. Please let your FAST representative know if you have any questions.
